

Financial well-being, COVID-19, and the financial better-than-average effect.

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At the onset of the Covid-19 outbreak, we conducted two surveys in the United Kingdom and Sweden (M=2021) on how people assess the near future economic situation of their household, nation and the world. Together with psychological factors related to information processing, we link these prospects to financial well-being. We find that, although generally very pessimistic, a substantial proportion of individuals believe that their households' economy will be doing substantially better than the national and global economy, suggesting a "financial better-than-average" effect. Furthermore, we find that the pessimism regarding the future household economic situation and being financially ignorant are associated with decreased financial well-being, while the (inter)national economic situation is not. This study shows how contextual factors and personal aspects shape financial well-being during turbulent and stressful times.